Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN JO 01969 151912Z

46
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /085 W
---------- 040763
P R 151630Z MAY 75
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC PRIORITY 0199
INFO AMCONGEN BELIZE
AMEMBASSY BOGOTA
AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON
AMEMBASSY BUENOS AIRES
AMEMBASSY BRASILIA
AMEMBASSY LIMA
AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE SAN JOSE 1969

E.O. 11652: N/A
TAGS: ETRD CS
SUBJECT: GENERALIZED SYSTEM OF PREFERENCES

REF: STATE 104372

1. THE EMBASSY GREATLY APPRECIATED PROMPT REPLY
FROM THE DEPARTMENT CONCERNING CERTAIN ARTICLES
IMPORTED FROM COSTA RICA WHICH ARE UNDER CONSIDER-
TION FOR GSP TREATMENT. THE INFORMATION CONTAINED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN JO 01969 151912Z

THEREIN ENBABLED THE EMBASSY TO BLUNT SOME ADVERSE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

PUBLICITY BASED ON A MISUNDERSTANDING OF THESE
TRADE ACT AND TO GAIN SOME
VERY FAVORABLE PUBLICITY
CONCERNING THE POSSIBLE ADVANTAGES OF THE GSP FOR
COSTA RICA.

2. SUGAR APPEARS TO BE THE ONLY
MAJOR TRADITIONAL COSTA RICAN EXPORT
BEING CONSIDERED FOR GSP TREATMENT FOR WHICH SHIPMENTS
TO THE U.S. WOULD EXCEED THE $25 MILLION
CELING AT CURRENT PRICE LEVELS. VICE MINISTER
OF EXTERNAL RELATIONS ROMAN HAS EXPRESSED HIS CON-
CERN IN A LETTER OF APRIL 29 TO THE CHIEF OF THE
ECONOMIC/COMMERCIAL SECTION ABOUT THE POSSIBILITY
THAT COSTA RICA MIGHT BE PLACED IN A DISADVANTAGEOUS
POSITION ON SALES OF CERTAIN OF ITS TRADITIONAL
EXPORTS TO THE U.S. IF PREFERENCES ARE GIVEN TO
SOME OTHER SUPPLIERS AND NOT TO COSTA RICA BECAUSE
ITS SHIPMENTS EXCEED THE $25 MILLION LIMIT. HIS
SPECIFIC CONCERNS ARE UNFOUNDED BECAUSE THEY RELATE
TO TWO PRODUCTS NOT ON THE PROPOSED GSP LIST,
FROZEN BEEF AND BANANAS, BUT HE WILL HAVE THE SAME
CONCERN WHEN HE LEARNS THAT SUGAR IS BEING CONSIDERED
FOR GSP TREATMENT.

3. THE EMBASSY HAS MADE A QUICK REVIEW OF U.S. SUGAR
IMPORT DATA WHICH SUGGEST THAT MANY MORE COUNTRIES
IN LATIN AMERICA WOULD BE LOSERS IF GSP TREATMENT
WERE GIVEN TO SUGAR THAN WOULD BE WINNERS. THE
EMBASSY ALSO UNDERSTANDS THAT THE PURPOSE OF GSP
TREATMENT IS TO STIMULATE NEW INDUSTRIES IN
DEVELOPING COUNTRIES RATHER THAN TO CREATE
DISCRIMINATIONS AMONG DEVELOPING COUNTRIES
WITH RESPECT TO THE TARIFF ON THEIR TRADITIONAL
EXPORTS OF PRIMARY PRODUCTS. FOR BOTH OF THESE
REASONS, THE EMBASSY WOULD RECOMMEND THAT
THE DEPARTMENT RECONSIDER WHETHER SUGAR SHOULD
BE ON THE GSP LIST.

4. THE EMBASSY'S DATA SUGGEST THAT ALL THIRTEEN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

OF THE COUNTRIES LISTED AS INFORMATION ADDRESSEES
ON THIS MESSAGE, PLUSE COSTA RICA, WOULD BE LOSERS
IF SUGAR WERE PLACED UNDER GSP, IN THAT THEIR
CURRENT SHIPMENTS TO THE U.S. ARE TOO HIGH TO
MEET THE $25 MILLION CEILING AT CURRENT PRICES.
THE EMBASSY'S CALCULATIONS USE FY 1974 DATA FOR
VOLUME OF IMPORTS INTO THE U.S. FROM EACH COUNTRY
AND ASSUME A PRICE OF 25 CENTS PER POUND OR $550

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

PER METRIC TON. WITH A 20 CENT PRICE ASSUMPTION
ALL OF THE 14 EXCEPT BRITISH HONDURAS AND PANAMA
WOULD REMAIN LOSERS.

5. IN ADDITION TO THE LIKELIHOOD OF PROTESTS FROM
THOSE COUNTRIES WHO WOULD SEE THEIR SUGAR EXPORTS
BECOME SUBJECT TO DISCRIMINATORY TARIFF TREATMENT
IF SUGAR WERE ACCORDED GSP TREATMENT, THE DEPARTMENT
MIGHT ALSO WISH TO CONSIDER THE INCENTIVE THAT WOULD
BE CREATED FOR SOME SUPPLIERS WHO ARE CLOSE TO
THE $25 MILLION CEILING ON SHIPMENTS TO THE U.S.
TO DIVERT SHIPMENTS OF SUGAR TO OTHER MARKETS.
THE EMBASSY WOULD DOUBT THAT THE GAIN WHICH WOULD
ACCRUE TO SOME EIGHT SMALL SUGAR PRODUCERS (LESS
THAN SEVEN TENTHS OF A CENT PER POUND) WOULD BE
WORTH ALL OF THE DISADVANTAGES CITED ABOVE.
TODMAN

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, POLICIES, SUGAR, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANJO01969
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750171-0416
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750549/aaaabrvo.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 104372
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <19 DEC 2003 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GENERALIZED SYSTEM OF PREFERENCES
TAGS: ETRD, CS, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006